GIC Calculation Sheet

Let's explore a GIC being offered by your local bank.

Recall:

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

where:

t = the time the money is invested or borrowed, in years

n = the number of times per year that interest is compounded

A customer plans to invest $4,000.00 on a GIC that pays 4% interest per year compounded annually (once a year), for 5 years. Determine how much they will earn at the end of their 5-year savings period.